
WTO and Agriculture

What's at Stake for Texas?

Texas is one of the leading producers of agricultural products and a major exporter. In 1997, Texas ranked 5th among all 50 states in the value of its agricultural exports. The state's exports reached an estimated \$3.1 billion, up from \$2.5 billion in 1991. These exports help boost farm prices and income, while supporting about 51,900 jobs both on the farm and off the farm in food processing, transportation, and manufacturing. Exports are increasingly important to Texas' agricultural and state-wide economy. Measured as exports divided by farm cash receipts, the state's reliance on agricultural exports ranged from 20% to 27% since 1991.

The top five agricultural exports in 1997 were:

- # live animals and red meats -- \$655 million
- # cotton -- \$564 million
- # feed grains and products -- \$330 million
- # hides and skins -- \$258 million
- # feeds and fodders -- \$200 million

World demand for these products is increasing, but so is competition among suppliers. If Texas farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *fair access* to growing global markets.

Texas Producers Benefit from Trade Agreements

Texas is already benefitting from a number of agricultural trade agreements. While there is still much to be done, examples of new market opportunities for Texas include:

- # Texas, the nation's largest beef producer, benefits from the Uruguay Round with a 38% reduction in the quantity of EU beef receiving export subsidies by 2000. Japan is reducing beef tariffs from 50% to 38.5%. Korea will eliminate its beef import quota by 2001 and reduce its tariffs to 40% by 2004. The Philippines is reducing its beef tariff from 60% to 35%.
- # Under NAFTA, Mexico eliminated its 15% tariff on live slaughter animals, its 20% tariff on U.S. chilled beef, and its 25% tariff on frozen product. Its 20% tariff on beef offal will be eliminated by 2004. Due to the U.S.-Canada Free Trade Agreement, U.S. beef is now exempt from Canadian duties and volume restrictions.
- # The nation's leading cotton producer, Texas benefits under NAFTA with new rules of origin that have increased demand for U.S. textiles in Canada and Mexico. Mexico will phase out its 10% tariff for cotton by 2004. Under the Uruguay Round, Hong Kong and Malaysia bound their cotton tariffs at zero.

